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UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

Sagit Paz-Safir, an individual,

Plaintiff,

vs.

1818 Holdings, L.L.C., an Arizona limited
liability company; 7272 Partners, L.L.C.,
an Arizona limited liability company; 909
Partners, L.L.C., an Arizona limited
liability company

Defendants.

Case No.

COMPLAINT

(Jury Trial Demanded)

Plaintiff Sagit Paz-Safir ("Sagit"), for her Complaint against Defendants 1818 Holdings, L.L.C. ("1818"), 7272 Partners, L.L.C. ("7272"), and 909 Partners, L.L.C. ("909") (1818, 7272, and 909 collectively, the "Companies" or "Defendants"), states and alleges as follows:

THE PARTIES

1. Sagit is an individual residing in Maricopa County, Arizona.
2. 1818 is, and was at all times material hereto, an Arizona limited liability company with its principal place of business in Maricopa County, Arizona.
3. 7272 is, and was at all times material hereto, an Arizona limited liability company with its principal place of business in Maricopa County, Arizona.

1 4. 909 is, and was at all times material hereto, an Arizona limited liability company
2 with its principal place of business in Maricopa County, Arizona.

3 5. Under the Fair Labor Standards Act, 29 U.S.C. § 201 *et seq.* (“FLSA”), and the
4 Arizona Wage Act the Companies are “employers” as defined by these statutes.

5 6. At all relevant times, Sagit was an “employee” of the Companies under the FLSA.

6 7. The provisions set forth in the FLSA apply to the Companies.

7 8. The provisions set forth in the Arizona Wage Act, A.R.S. Title 23, Articles 7 and
8 8 apply to the Companies.

9 9. At all relevant times, Sagit was an “employee” of the Companies as defined by
10 A.R.S. § 23-350.

11 10. At all relevant times, the Companies were “employers” as defined by A.R.S. § 23-
12 362.

13 11. Upon information and belief, Sagit, in her work for the Companies, was employed
14 by an enterprise with an annual dollar volume of business done of at least \$500,000.00.

15 12. At all relevant times, Sagit, in her work for the Companies, was engaged in
16 commerce or the production of goods for commerce.

17 13. Sagit, in her work for the Companies, engaged in interstate commerce by, *inter*
18 *alia*, making telephone calls or sending emails to persons out of state and engaging with out-of-
19 state vendors.

20 14. The Companies directed and exercised control over Sagit’s work and wages at all
21 relevant times, through an enterprise or an agent.

22 15. The Companies are jointly and severally liable for the injuries and damages
23 sustained by Sagit.

24
25 **JURISDICTION AND VENUE**

26 16. This Court has original jurisdiction over this action pursuant to 28 U.S.C. § 1331
27 because at least one claim asserted herein arises under the laws of the United States and
28 necessarily involves adjudication of one or more federal questions.

1 27. Upon information and belief, Sagit was not assigned a job title in connection with
2 her employment by the Companies.

3 28. During her employment with the Companies, Sagit was involved in the
4 management and operation of the studio salons owned by the Companies.

5 29. Sagit performed all job duties under Dov's direction, supervision, and/or control.

6 30. From 2016 to April 2021, Sagit received monthly wage payments as compensation
7 for the labor and services she provided to the Companies.

8 31. When Sagit was paid, she received a deposit from one of the Companies on behalf
9 of all three Companies.

10 32. The Companies also provided Sagit certain benefits (*e.g.*, health insurance, car
11 insurance, and travel expenses) and allowed her to use one of the Companies' vehicles.

12 33. The Companies, through Dov, hired, fired, paid, supervised, directed, disciplined,
13 scheduled, and performed all other duties generally associated with that of an employer with
14 regard to Sagit.

15 34. Upon information and belief, Dov was aware of and approved all the compensation
16 and benefits Sagit received in connection with her employment.

17 35. Between approximately April 2018 and April 2021, Sagit worked full days
18 including working in the Companies' offices approximately six days per week for approximately
19 six hours per day when she and Dov were living in Phoenix.

20 36. At Dov's direction, Sagit was also on call seven days per week, twenty-four hours
21 per day to address any issues that came up with salon studios' tenants and vendors or with the
22 Companies outside of regular work hours.

23 37. Upon information and belief, at certain times during her employment, Sagit
24 performed work at an hourly rate which was less than the applicable minimum wage.

25 38. Upon information and belief, the Companies did not compensate Sagit for all hours
26 worked on their behalf during regular workweeks.
27
28

1 39. Upon information and belief, the Companies did not track Sagit's hours or provide
2 Sagit with a tool to track the hours she worked each week.

3 40. When an employer fails to keep complete and accurate time records, employees
4 may establish the hours worked by their testimony, and the burden of overcoming such testimony
5 shifts to the employer.

6 41. Upon information and belief, the Companies failed to regularly and accurately
7 maintain the record of time during which they permitted Sagit to work. Accordingly, the
8 Companies' records of Sagit's time worked understate the actual duration of time Sagit worked
9 during the duration of her employment.

10 42. Upon information and belief, the Companies failed to pay Sagit minimum wages
11 and overtime wages for all hours worked in excess of forty hours per week. Accordingly, the
12 Companies failed to pay Sagit minimum wages for all hours worked for the Companies and
13 subsequently failed to pay Sagit overtime wages for all hours worked in excess of forty hours per
14 workweek.

15 43. Upon information and belief, the Companies' conduct was willful because the
16 Companies refused and/or failed to properly disclose to or apprise Sagit of her rights under FLSA.

17 **C. Aaron's Lawsuit against the Companies, Dov, and Sagit**

18 44. On February 24, 2021, Aaron Safir ("Aaron"), Dov's son from a marriage
19 preceding his marriage to Sagit, filed a lawsuit against the Companies, Dov, and Sagit, styled as
20 *Safir v Safir et. al.*, Case No. CV2021-003015 ("Aaron's Lawsuit"), asserting various contract
21 and commercial tort claims against the defendants.

22 45. A primary basis for the lawsuit was a purported partnership agreement drafted,
23 negotiated, and executed by and between Aaron and Dov whereby Dov assigned membership
24 interests in the Companies to Aaron and agreed to additional compensation and perquisites for
25 Aaron's benefit.

26 46. Sagit was not notified of, nor did she consent to, the purported partnership
27 agreement between Dov and Aaron.
28

1 47. On April 7, 2021, Aaron, the Companies, Dov, and Sagit attended a private
2 mediation where Aaron and the Companies settled Aaron's claims asserted against the
3 Companies. No other parties settled.

4 48. On May 11, 2021, the Companies and Aaron entered into a written settlement
5 agreement.

6 49. On June 8, 2021, Aaron dismissed the Companies from Aaron's Lawsuit.

7 50. On October 7, 2021, Aaron dismissed without prejudice Aaron's Lawsuit, in its
8 entirety, which included his alleged derivative claims against Dov and Sagit on the Companies'
9 behalves.

10 51. Aaron dismissed his Lawsuit before any discovery or disclosure occurred and
11 before the merits of Aaron's Lawsuit were adjudicated.

12 **D. The Companies terminate Sagit's employment**

13
14 52. Days after the parties' mediation in Aaron's lawsuit, on or about April 11, 2021,
15 the Companies sent a letter to Sagit terminating her employment with the Companies "for cause"
16 (the "Termination Letter").

17 53. The Companies did not previously discuss with Sagit the allegations giving rise to
18 the alleged "cause" identified in the Termination Letter.

19 54. The Companies never formally warned Sagit for any of the conduct described in
20 the Termination Letter, which left Sagit without an opportunity to address or correct any alleged
21 deficiencies in her performance.

22 55. Sagit is unaware of any support for the alleged misconduct identified in the
23 Termination Letter leading to the termination of her employment with the Companies.

24 56. The Companies alleged that Sagit's employment was terminated for, among other
25 reasons, allegedly engaging in conduct identified in Aaron's Lawsuit.

26 57. Upon information and belief, the Companies failed to investigate the nature of the
27 allegations and claims made in Aaron's Lawsuit.
28

78. Upon information and belief, the Companies acted intentionally to deprive Sagit of the benefit of her bargain under the Employment Agreements.

79. By engaging in the actions described herein, the Companies each breached the implied covenant of good faith and fair dealing.

80. As a direct and proximate result of the Companies' breaches of the implied covenant of good faith and fair dealing, Sagit has been damaged in an amount to be proven at trial.

81. Upon information and belief, the Companies' actions were willful, malicious, spiteful, deceitful, wanton, reckless, and carried out with an evil mind entitling Sagit to an award of punitive damages sufficient to deter each of them from engaging in conduct similar to that described herein.

82. Sagit is entitled to her reasonable attorneys' fees and costs under the Agreements and/or A.R.S. §§ 12-341 and 12-341.01.

COUNT THREE
(Unjust enrichment)
(1818, 7272, 909)

83. Sagit incorporates by reference all previous allegations as though fully set forth herein.

84. The Companies have each been unjustly enriched by their acceptance of Sagit's employment without full payment of wages and/or overtime wages to Sagit.

85. Upon information and belief, each of the Companies have been unjustly enriched by their acceptance of Sagit's employment services from approximately 2018 to April 2021 without full payment of wages and/or overtime wages to Sagit.

86. Sagit has been impoverished because of the Companies' unlawful and unauthorized failures to compensate Sagit fully and adequately for her employment services.

87. Upon information and belief, there is no justification for the Companies' unjust enrichment or Sagit's resulting impoverishment.

88. As a direct and proximate result of the Companies’ unjust enrichment, Sagit has been damaged at an amount to be proven at trial.

89. If Sagit’s Employment Agreements with the Companies are determined to be invalid or unenforceable contracts, in whole or in part, then there may be no other legal remedy available to Sagit regarding the Companies’ failures to fully and fairly compensate Sagit. To the extent Sagit is denied a contractual remedy, unjust enrichment is pled in the alternative.

COUNT FOUR
(Failure to Pay Wages – A.R.S. § 23-350 *et seq.*)
(1818, 7272, 909)

90. Sagit incorporates by reference all previous allegations as though fully set forth herein.

91. Sagit is an “employee” as defined by A.R.S. § 23-350(2).

92. The Companies are each an “employer” as defined by A.R.S. § 23-350(3).

93. Sagit provided the Companies with labor or services with a reasonable expectation of being paid.

94. The Companies permitted Sagit to provide labor or services, and accepted such labor and services, with the promise or understanding that Sagit would be paid.

95. The labor or services provided to the Companies by Sagit are “wages” as defined by A.R.S. § 23-350(6).

96. Upon information and belief, each Company failed to pay Sagit all wages earned during her employment by each Company in violation of A.R.S. § 23-350 *et seq.*

97. Upon information and belief, by failing to pay Sagit all wages due to her, the Companies have wrongfully violated the provisions of A.R.S. § 23-352 which prohibits an employer from withholding the payment of wages from an employee without legal authority, prior written permission from the employee, or a claim against the employee that would be a set-off against unpaid wages.

98. Upon information and belief, Sagit does not qualify for an exemption to its obligations to timely pay wages or commission to Sagit.

109. The Companies' failure to pay Sagit one-and-one-half times the applicable hourly rate of pay for all hours worked in excess of forty hours per week violates the FLSA, 29 U.S.C. § 207.

110. Upon information and belief, none of the exemptions provided by the FLSA regulating the duty of employers to pay overtime at a rate not less than one-and-one-half times the applicable hourly rate at which employees are employed are applicable to the Companies or Sagit.

111. Upon information and belief, the Companies' failure to pay all wages due was knowing, willful, not taken in good faith and done with the Companies' full knowledge and consent.

112. Sagit is entitled to compensation at the applicable overtime rate for all hours worked in excess of forty hours per week, to be proven at trial, plus an additional equal amount as liquidated damages, together with interest, reasonable attorneys' fees and costs.

PRAYER FOR RELIEF

WHEREFORE, Sagit requests that the Court enter Judgment in her favor and against the Companies, jointly and severally, as follows:

- A. declare and find that the Companies have violated A.R.S. § 23-350 *et seq.* by failing to pay wages owed to Sagit;
- B. declare and find that the Companies violated the minimum wage provisions of the FLSA, 29 U.S.C § 206, by failing to pay proper minimum wages;
- C. declare and find that the Companies violated overtime provisions of the FLSA, 29 U.S.C. § 207, by failing to pay proper overtime wages;
- D. awarding Sagit unpaid minimum wage damages, to be determined at trial;
- E. awarding Sagit compensatory damages, including treble the amount of wages owed to Sagit pursuant to A.R.S. § 23-355, in an amount to be proven at trial;
- F. awarding Sagit her unpaid overtime damages, in an amount to be proven at trial;

- 1 G. awarding Sagit compensatory damages, including liquidated damages, pursuant to
2 the FLSA, 29 U.S.C. § 216(b), in an amount to be proven at trial;
- 3 H. awarding Sagit punitive damages to the extent permitted by law, sufficient to deter
4 Defendants from engaging in conduct similar to that described herein;
- 5 D. awarding pre-judgment and post-judgment interest on any award of damages at the
6 maximum rate provided under applicable law, from the date of judgment until paid
7 in full;
- 8 E. awarding Sagit her reasonable attorneys' fees and costs incurred in this action as
9 permitted by applicable law;
- 10 F. the continuing jurisdiction of this Court to review to ensure compliance with the
11 Court's orders and determine the reasonableness and award of any post-judgment
12 costs and attorneys' fees sought by Sagit; and,
- 13 G. awarding Sagit such other and further relief as this Court deems just, necessary,
14 and proper.

15 RESPECTFULLY SUBMITTED this 11th day of April, 2022.

16 **MAY, POTENZA, BARAN & GILLESPIE, P.C.**

17
18 By: s/ Devin Sreecharana

19 Devin Sreecharana, Esq.

20 Trevor J. Wainfeld, Esq.

21 *Attorneys for Plaintiff*